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**UNITED STATES DISTRICT COURT  
CENTRAL DISTRICT OF CALIFORNIA**

WINGSAIL HOLDINGS, LLC, a  
Washington Limited Liability  
Company,

Plaintiff,

v.

ANDREW POLSKY, an individual,  
ALTER MANAGEMENT, LLC, a  
California Limited Liability  
Company, ALTER HEALTH  
GROUP, INC., a California  
Corporation, ALTER LIFE  
SCIENCES, INC., a California  
Corporation, ALTER LIFE  
SCIENCES, LLC, a California  
Limited Liability Company,  
CAMBRIDGE MENTAL HEALTH  
MANAGEMENT LLC, a California  
Limited Liability Company, SEFED,  
a California Corporation, and DOES  
1 through 10;

Defendants.

Case No. 8:23-CV-02098

**COMPLAINT FOR:**

- 1. FRAUD**
- 2. FRAUD (CONCEALMENT BY DECEPTIVE DISCLOSURE)**
- 3. FRAUD (CONCEALMENT BY FIDUCIARY)**
- 4. BREACH OF FIDUCIARY DUTY**
- 5. CONVERSION**
- 6. BREACH OF ORAL CONTRACT**
- 7. BREACH OF IMPLIED COV. OF GOOD FAITH AND FAIR DEALING**
- 8. UNJUST ENRICHMENT**
- 9. ACCESS TO CORP. RECORDS**
- 10. REMOVAL OF MEMBER**
- 11. DECLARATORY RELIEF**
- DEMAND FOR JURY TRIAL**

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1 Plaintiff Wingsail Holdings, LLC (“Plaintiff” or “Wingsail”) hereby files this  
2 complaint against Andrew Polsky (“Polsky”), Alter Management LLC, Alter Health  
3 Group, Inc., Alter Life Sciences, Inc., Alter Life Sciences, LLC, Cambridge Mental Health  
4 Management, LLC (collectively, the “Alter Entities” or “Alter”), and SEFED (all entities  
5 collectively, the “Polksy Entities”), and alleges as follows.<sup>1</sup>

## 6 **I. JURISDICTION AND VENUE**

7 1. This Court has subject matter jurisdiction over Wingsail’s state-law claims  
8 pursuant to 28 U.S.C. § 1332 because there is complete diversity of citizenship between  
9 Wingsail, on the one hand, and Polsky and the Polsky Entities, on the other hand, and more  
10 than \$75,000 is in controversy in this action, exclusive of interest and costs.

11 2. This Court also has supplemental jurisdiction over Wingsail’s state-law  
12 claims pursuant to 28 U.S.C. § 1367 because all of its state-law claims are derived from a  
13 common nucleus of operative facts and are of the kind they would ordinarily expect to try  
14 in one judicial proceeding.

15 3. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(b) because a  
16 substantial part of the events or omissions giving rise to the claims occurred in this District,  
17 or a substantial part of the property that is the subject of the action is situated in this District,  
18 and because at least one of the Defendants resides in this judicial district.

## 19 **II. NATURE OF THE ACTION**

20 4. Polsky, individually and on behalf of the Polsky Entities as part-owner and  
21 manager, engaged in fraud against Wingsail to induce Wingsail to invest nearly \$1 Million  
22 seed capital in the Alter startup. Polsky represented orally and in writing that Wingsail  
23 would own 65% of the Alter shares, as well as receive annual profits and distributions from  
24 Alter on a priority basis amounting to at least 8% annual interest on Wingsail’s outstanding  
25 principal investment, which would accrue and be paid when Alter was financially able to  
26 make the distributions. However, when Polksy made these representations to induce  
27 Wingsail to invest, he never intended on giving Wingsail its shares and interest. Polsky  
28

<sup>1</sup> All allegations in this pleading are made at all times relevant and material to this pleading.

1 strung along Wingsail for years giving Wingsail false assurances that its shares were  
2 secure, and that the distributions would be paid as soon as Alter was financially able to  
3 make the payments. Alter did become extremely successful and profitable with an  
4 approximate present net worth believed to be in excess of \$45 Million. Yet Defendants,  
5 acting through Polsky, refuse to give Wingsail its shares and recognize Wingsail's rights  
6 as a shareholder, and have not paid the distributions that are owed. Wingsail thus seeks to  
7 vindicate its rights and brings claims for fraud, breach of fiduciary duty, conversion, breach  
8 of contract, breach of the implied covenant of good faith and fair dealing, unjust  
9 enrichment, and violations of the Corporations Code, against Defendants.

### 10 **III. PARTIES**

#### 11 **A. Plaintiff**

12 5. Plaintiff Wingsail is a Washington State limited liability company with its  
13 principal place of business in the State of Washington.

14 6. Wingsail is fully owned by Yunfei "Kristy" Bai ("Bai" or "Kristy Bai"), who  
15 is a foreign national.

#### 16 **B. Defendants**

17 7. Defendant Andrew Polsky ("Polsky") is an individual and resident of the State  
18 of California, County of Orange.

19 8. Defendant Alter Management LLC ("Alter Management"), formed on or  
20 about July 27, 2018, is a California limited liability company with its principal place of  
21 business located at 34232 Pacific Coast Highway, Suite D, Dana Point, California 92629.

22 9. Alter Management is engaged in the business of behavioral healthcare and  
23 substance abuse rehabilitation.

24 10. Polsky is Alter Management's "Organizer" and "Manager," and is also an  
25 owner.

26 11. Alter Management acts through its principals and managers, including Polsky.

27 12. Defendant Alter Health Group, Inc. ("Alter Health"), formed on or about July  
28 1, 2021, is a California corporation with its principal places of business located at 34232

1 Pacific Coast Highway, Suite D, Dana Point, California 92629, and 34270 Pacific Coast  
2 Highway, Suite C, Dana Point, California 92629.

3 13. Alter Health is engaged in the business of behavioral healthcare and substance  
4 abuse rehabilitation.

5 14. Polsky is Alter Health's "Incorporator," "Chief Executive Officer,"  
6 "Secretary," "Chief Financial Officer," and "Director," and is also an owner.

7 15. Alter Health acts through its principals and managers, including Polsky.

8 16. Defendant Alter Life Sciences, Inc. ("Alter LS Inc."), formed on or about  
9 September 17, 2021, is a California limited liability company with its principal place of  
10 business located at 34232 Pacific Coast Highway, Suite D, Dana Point, California 92629.

11 17. Alter LS Inc. is engaged in the business of behavioral healthcare and substance  
12 abuse rehabilitation.

13 18. Polsky is Alter LS Inc.'s "Incorporator," "Chief Executive Officer,"  
14 "Secretary," "Chief Financial Officer," and "Director," and is also an owner.

15 19. Alter LS Inc. acts through its principals and managers, including Polsky.

16 20. Defendant Alter Life Sciences, Inc. ("Alter LS LLC"), formed on or about  
17 December 2, 2021, is a California limited liability company with its principal place of  
18 business located at 34232 Pacific Coast Highway, Suite D, Dana Point, California 92629.

19 21. Alter LS LLC is engaged in the business of behavioral healthcare and  
20 substance abuse rehabilitation.

21 22. Polsky is Alter LS LLC's "Organizer" and "Agent for Service of Process,"  
22 and is also an owner. Alter LS LLC's "Manager" is Alter Management whose Organizer  
23 and Manager is Polsky.

24 23. Alter LS LLC acts through its principals and managers, including Polsky.

25 24. Defendant Cambridge Mental Health Management LLC ("Cambridge"),  
26 formed on or about October 18, 2018, is a California limited liability company with its  
27 principal place of business located at 34232 Pacific Coast Highway, Suite D, Dana Point,  
28 CA 92629.

1           25. Cambridge is engaged in the business of mental health services and behavioral  
2 healthcare.

3           26. Polsky is Cambridge's "Chief Executive Officer" and "Agent for Service of  
4 Process," and is also an owner. Cambridge's "Manager" is Alter Management whose  
5 Organizer and Manager is Polsky.

6           27. Cambridge acts through its principals and managers, including Polsky.

7           28. The foregoing allegations establish that Alter Management, Alter Health,  
8 Alter LS Inc., Alter LS LLC, and Cambridge (collectively, "Alter" or the "Alter Entities")  
9 are all engaged in behavioral and mental healthcare, all share the same business address,  
10 and are all owned, controlled, and managed by Polsky. The Alter Entities comprise a  
11 common venture controlled by Polsky and run through a web of companies that originate  
12 from the seed capital provided by Plaintiff Wingsail.

13           29. Polsky's wife, Gayle Polsky ("G.Polsky"), is a psychologist working in the  
14 mental and behavioral health field. At Polsky's behest, Alter employs G.Polsky in a  
15 position of power and control.

16           30. As described more fully below, the Alter Entities exist because of startup  
17 capital invested by Plaintiff Wingsail.

18           31. Defendant SEFED, formed on or about November 13, 2018, is a California  
19 company with its principal place of business located at 3857 Birch Street, Suite 12,  
20 Newport Beach, CA 92660.

21           32. Polsky is SEFED's "Organizer," "Chief Executive Officer," "Secretary,"  
22 "Chief Financial Officer," and "Director," and is also an owner.

23           33. SEFED acts through its principals and managers, including Polsky.

24           34. The foregoing allegations further establish that Polksy is the principal and  
25 manager of not only Alter but also SEFED.

26           35. The law holds that the Alter Entities and SEFED are liable for the acts and  
27 omissions of Polksy undertaken on their behalf, as well as for the benefit of Polsky.

28           36. The true names and capacities, whether individual, corporate, associate, or

otherwise of Defendants named as DOES 1 through 10, inclusive, are unknown to Plaintiff, who therefore sues said Defendants by such fictitious names. Plaintiff will amend this complaint to show the true names and capacities of such fictitiously named Defendants when the same have been ascertained. Plaintiff further alleges that each of said fictitious Defendants is in some manner responsible for the acts, omissions, and occurrences hereinafter set forth. Plaintiff is informed and believes, and on that basis alleges, that each fictitiously named defendant conspired with and/or aided and abetted and is responsible for the acts, omissions, and occurrences herein alleged, and that the damages claimed herein were proximately caused by such Defendants. Each of the Defendants named as DOES 1 through 10 is legally responsible in some manner for the sums, damages, and relief alleged herein.

37. At all times relevant to the allegations of this amended complaint, Defendants, and each of them, were aiding and abetting each other and/or acting as the agents, servants, employees, alter egos, or successors or predecessors in interest of each of the other Defendants, and were acting within the course and scope of such relationship with the knowledge, consent, permission, authorization, and ratification, either express or implied, of each of the other Defendants in performing the acts or omitting to act as alleged in this amended complaint.

### **C. Alter Ego Relationships**

38. On information and belief, there has existed a unity of interest and ownership between and among Polsky and the Alter Entities such that any individuality and separateness between or among them has ceased, and such that each is the alter ego of the other; in that:

a. Polsky has at relevant times completely controlled, led, dominated, managed and operated the Alter Entities, has intermingled his assets with their assets, and has intermingled the assets of each of them with those of the other, to suit his and their convenience and for the purpose of avoiding creditors;

b. Polsky has at all relevant times used the assets of the Alter Entities for

1 his own use, and has caused or will cause their assets to be transferred to him and to one  
2 another without adequate consideration; and

3 c. Each of the Alter Entities is, and at relevant times was, a mere shell,  
4 instrumentality, and conduit through which Polsky carried on his businesses, exercising  
5 complete control and dominance of the Alter Entities to such an extent that any  
6 individuality or separateness between and among them does not, and at all relevant times  
7 did not, exist.

8 d. All the businesses of Alter Entities share the same website and physical  
9 addresses.

10 e. All the business of the Alter Entities share employees, resources,  
11 accountants, attorneys, and bank accounts, and commingle funds and fail to segregate  
12 finances between the entities.

13 39. On information and belief, there has existed a unity of interest and ownership  
14 between and among Polsky and SEFED such that any individuality and separateness  
15 between or among them has ceased, and such that each is the alter ego of the other; in that:

16 a. Polsky has at relevant times completely controlled, led, dominated,  
17 managed and operated SEFED and has intermingled his assets with SEFED's assets to suit  
18 his convenience;

19 b. Polsky has at relevant times used the assets of SEFED for his own use,  
20 and has caused or will cause SEFED's assets to be transferred to him without adequate  
21 consideration; and

22 c. SEFED is, and at relevant times was, a mere shell, instrumentality, and  
23 conduit through which Polsky carried on his businesses, exercising complete control and  
24 dominance of the SEFED to such an extent that any individuality or separateness between  
25 and among them does not, and at all relevant times did not, exist.



#### IV. GENERAL ALLEGATIONS

##### A. **Polsky's False Promises, as Principal and Manager of Alter, to Induce Capital Investments by Wingsail**

40. In or around April 2018, Polsky sought to enter the business of behavioral and mental healthcare and drug rehabilitation. Polsky, however, needed seed capital of nearly \$1 Million dollars to start the business, and he had none. He thus brought up the idea to Fu-Shen "Max" Chang ("Chang")—a businessman and investment manager specializing in foreign financing with whom Polsky had a business relationship—and suggested that the two enter a venture together in the behavioral and mental healthcare and drug rehabilitation space. This venture eventually became Alter, a series of companies managed and operated by Polsky through the Alter Entities.

41. In or about April 2018, Polsky asked Chang to secure the approximately \$1 Million seed capital needed for Alter using his expertise in U.S. Citizenship and Immigration Services ("USCIS") foreign investment visa programs. Polsky spent the next several weeks convincing Chang that Alter could be very successful, and that Chang and any foreign investor he was able to secure would benefit tremendously from Alter's success.

42. Convinced by Polsky, in April and May 2018, Chang tapped his foreign investor contacts with whom he had built relationships of trust, including Kristy Bai, to consider investing seed capital for the Alter startup. Chang pitched to Bai that she should invest in the Alter startup, promising, at Polsky's request and direction, that Bai would receive significant majority shares in Alter and be eligible to process a U.S. visa through the E2 visa program, which requires the foreign investor to maintain a majority interest in the U.S. company, in this case, Alter.

43. From mid-May to August 2018, at Polsky's requests, Chang set up phone and in-person meetings, including an in-person meeting in Newport Beach, California, between Bai and Polsky to convince Bai to invest in Alter. At those meetings, Polsky himself convinced Bai that she should invest seed capital in Alter and promised that, in return, Bai

1 would receive 65% of the membership interest in Alter, along with all the rights and  
2 entitlements that accompany such a majority interest, as required by the E2 visa program,  
3 as well as annual profits and distributions from Alter on a priority basis amounting to at  
4 least 8% annual interest on Bai's outstanding principal investment, which would accrue  
5 and be paid when Alter was financially able to make the distributions. After the meeting,  
6 Polsky called Chang and informed Chang that he had made these promises to Bai, and that  
7 Chang should continue to convince Bai to invest in Alter in exchange for the benefits  
8 Polsky was promising.

9       44. In or about July 2018, Polsky, with Chang, presented Bai a business plan and  
10 PowerPoint presentation to convince her to invest seed capital in Alter. Bai was relying on  
11 Polsky's representations and also wanted Chang involved as Wingsail's investment  
12 manager because she trusted Chang.

13       45. Polsky preyed upon Chang's relationship of trust with Bai and put tremendous  
14 pressure on Chang to convince Bai to invest in Alter, which Chang did, relying on Polsky's  
15 representations of the projected success of Alter and benefits to Bai, as well to Chang for  
16 securing the seed capital investor.

17       46. At the same time, Polsky himself also convinced Bai to invest in Alter by  
18 giving false assurances of membership interests in Alter (with the attendant immigration  
19 benefits) and the distributions reflected above. Relying on Polsky's promises and  
20 assurances, Bai agreed invest seed capital in Alter through her company called Wingsail  
21 Holdings LLC ("Wingsail"). In doing so, Bai was expecting that Wingsail would receive  
22 the membership interest in Alter that Polsky was promising, as well as be owed the annual  
23 distribution payments Polsky was promising once Alter became financially able to make  
24 the payments.

25       47. On or about July 27, 2018, Polsky, acting individually and on behalf of Alter  
26 as its principal, agent, and manager, drafted and presented Chang and Bai an Alter  
27 Operating Agreement, which provided that Wingsail would be the sole seed capital  
28 contributor to Alter and would receive a 65% membership interest in Alter, including all

1 the rights and entitlements that accompany such a majority interest, as required by the E2  
2 visa program. Polsky, leveraging Chang's position of trust with Bai, also promised  
3 Wingsail and Bai annual profits and distributions from Alter on a priority basis amounting  
4 to at least 8% annual interest on Wingsail's outstanding principal investment, which would  
5 accrue until Alter was financially able to make the distributions. However, at the time  
6 Polsky made these representations and promises to induce Bai to invest in Alter, he had  
7 fraudulent intent in that he never intended on keeping his promises to Bai, Wingsail, or  
8 Chang.<sup>2</sup>

9       48. Polsky, acting both individually and as principal of Alter, in furtherance of his  
10 fraud scheme and based upon the promises reflected above, caused Wingsail to invest the  
11 following sums (nearly \$1 Million dollars in total) on the following dates into bank  
12 account(s) controlled by Polsky and Alter. Relying on Polsky's false promises (believing  
13 them to be true at the time), Wingsail made the following investments directly into accounts  
14 controlled by Polsky and Alter:

15           a. On or about August 1, 2018, upon Polsky's request for seed capital  
16 investment into Alter and relying on Polsky's representations of the benefits to Wingsail  
17 detailed above, as well as the trust afforded to Polsky by Wingsail (Bai) on account of  
18 Polsky's relationship with Chang, Wingsail invested **\$115,000** directly into a bank account  
19 controlled by Polsky and Alter;

20           b. On or about November 2, 2018, upon Polsky's request for seed capital  
21 investment into Alter and relying on Polsky's representations of the benefits to Wingsail  
22 detailed above, as well as the trust afforded to Polsky by Wingsail (Bai) on account of  
23 Polsky's relationship with Chang, Wingsail invested **\$46,000** directly into a bank account  
24 controlled by Polsky and Alter;

25           c. On or about November 21, 2018, upon Polsky's request for seed capital  
26 investment into Alter and relying on Polsky's representations of the benefits to Wingsail  
27

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28 <sup>2</sup> Pursuant to Fed. R. Civ. P. 9(b), "Malice, intent, knowledge, and other conditions of a person's mind may be alleged generally."

1 detailed above, as well as the trust afforded to Polsky by Wingsail (Bai) on account of  
2 Polsky's relationship with Chang, Wingsail invested **\$20,000** directly into a bank account  
3 controlled by Polsky and Alter;

4 d. On or about December 13, 2018, upon Polsky's request for seed capital  
5 investment into Alter and relying on Polsky's representations of the benefits to Wingsail  
6 detailed above, as well as the trust afforded to Polsky by Wingsail (Bai) on account of  
7 Polsky's relationship with Chang, Wingsail invested **\$256,000** directly into a bank account  
8 controlled by Polsky and Alter;

9 49. By this point, Wingsail had already invested **\$437,000** into the Alter startup—  
10 funds put in Polsky's control in reliance on Polsky promises and agreements reflected  
11 above. But Polsky desired more capital and needed Chang's trust to convince Wingsail to  
12 invest further.

13 50. To continue his fraud scheme, on or about December 23, 2018, Polsky sent an  
14 email to Chang titled "FINAL VERSIONS" and attached an unsigned document titled  
15 "Alter Operating Agreement FINAL.docx." The agreement acknowledged that Wingsail  
16 was the sole seed investor in Alter and would be given 65% membership interest in Alter.  
17 This represented the last and final understanding of the parties concerning the split of  
18 membership interest in Alter.

19 51. Polsky separately promised Bai annual profits and distributions from Alter  
20 amounting to at least 8% annual interest on Wingsail's outstanding principal investment,  
21 which would accrue until Alter was financially able to make the distributions.

22 52. At or around the same time, Polksy asked Chang to show Bai the December  
23 23, 2018 Final Version of the Alter Operating Agreement to have Wingsail invest more  
24 capital in Alter. At Polsky's direction, Chang showed Bai the Final Alter Operating  
25 Agreement and convinced her to have Wingsail invest additional funds in the Alter startup.  
26 Polsky himself also told Bai that the Operating Agreement concerning Alter's membership  
27 interest in Alter and attendant annual distributions had been finalized and that Wingsail  
28 should continue to invest with confidence even providing updates regarding the status and

1 viability of the business. Wingsail relied on Polsky's statements and assurances and the  
2 Alter Operating Agreement to continue investing in the startup. Polsky was lying, however,  
3 and the documents and statements he made and presented were made to induce Wingsail  
4 to continue investing in Alter without Polsky ever intending to keep his promises.

5 53. Relying on Polsky's false promises (believing them to be true at the time),  
6 Wingsail invested the following additional sums directly into accounts controlled by  
7 Polsky and Alter:

8 a. On or about January 10, 2019, upon Polsky's request for seed capital  
9 investment into Alter and relying on Polsky's representations of the benefits to Wingsail  
10 detailed above, as well as the trust afforded to Polsky by Wingsail (Bai) on account of  
11 Polsky's relationship with Chang, Wingsail invested **\$149,880** directly into a bank account  
12 controlled by Polsky and Alter;

13 b. On or about March 1, 2019, upon Polsky's request for seed capital  
14 investment into Alter and relying on Polsky's representations of the benefits to Wingsail  
15 detailed above, as well as the trust afforded to Polsky by Wingsail (Bai) on account of  
16 Polsky's relationship with Chang, Wingsail invested **\$119,980** directly into a bank account  
17 controlled by Polsky and Alter;

18 c. On or about March 27, 2019, upon Polsky's request for seed capital  
19 investment into Alter and relying on Polsky's representations of the benefits to Wingsail  
20 detailed above, as well as the trust afforded to Polsky by Wingsail (Bai) on account of  
21 Polsky's relationship with Chang, Wingsail invested **\$24,980** directly into a bank account  
22 controlled by Polsky and Alter;

23 d. On or about October 25, 2019, upon Polsky's request for seed capital  
24 investment into Alter and relying on Polsky's representations of the benefits to Wingsail  
25 detailed above, as well as the trust afforded to Polsky by Wingsail (Bai) on account of  
26 Polsky's relationship with Chang, Wingsail invested **\$199,980** directly into a bank account  
27 controlled by Polsky and Alter.

28 54. Therefore, to date, relying on Polsky's representations and requests and the

1 trust afforded to Polsky by Wingsail on account of Polsky's relationship with Chang,  
2 Wingsail has invested a total sum of **\$931,820** directly into one or more bank accounts  
3 controlled by Polsky and Alter.

4 55. Polsky engaged in the foregoing fraudulent conduct to induce these  
5 investments predominantly in and from Orange County, California.

6 **B. Polsky's Continuing Fraud as Principal and Manager of Alter,**  
7 **Perpetrated upon Wingsail and Chang**

8 56. While Polsky agreed to assign the shares of the Alter Entities to Wingsail, as  
9 reflected in the Final Alter Operating Agreement he circulated, in reality, he was  
10 defrauding Wingsail and Chang, as Polsky never intended on signing the Alter Operating  
11 Agreement and giving Wingsail its membership shares or the accrued annual distributions.  
12 Rather, Polsky's plan all along was to keep the membership interest and money for himself  
13 and the companies he owned and controlled. In other words, Polsky simply stole Wingsail's  
14 money, as Wingsail, to this date, has received nothing from Polsky—no shares, no annual  
15 distribution, no profits, and not even a return of Wingsail's capital, all of which Wingsail  
16 is owed.

17 57. Polsky has been managing Alter with Michael Castanon ("Castanon") who  
18 had also agreed to the Final Alter Operating Agreement and was expected to be a minority  
19 member of the Alter startup.

20 58. From mid to late January 2019, whenever Chang and Wingsail would inquire  
21 about receiving the signed Alter Operating Agreement, Polsky would string them along  
22 and falsely assure them that the Alter Operating Agreement was securely in place as  
23 evidenced by his December 23, 2018 email, and that signatures were an unnecessary  
24 formality. Polsky represented that he and Castanon could not sign the Agreement just yet  
25 because Castanon was involved in a lawsuit and would need to produce the Agreement  
26 reflecting his assets in Alter if the Alter Operating Agreement were signed. This, according  
27 to Polsky, would injure Castanon, which would in turn injure Alter and Wingsail's interests  
28 because Castanon was a top-level operational manager at Alter, and Polsky said that Chang

1 and Bai should avoid upsetting Castanon. Polsky gave false assurances that the Final Alter  
2 Operating Agreement would be honored regardless of signatures, and that Wingsail and  
3 Chang needed to be patient for Castanon's sake. Wingsail (Bai) and Chang relied on these  
4 statements and took Polsky at his word. Unfortunately, Polsky was lying and never  
5 intended on honoring the promises made to Wingsail, Chang, and Bai.

6 59. On May 19, 2019, Wingsail and Chang inquired about the Alter Operating  
7 Agreement being signed. Polsky continued to string them along and responded with the  
8 same Castanon-litigation excuse, which Wingsail and Chang continued to rely on, putting  
9 their trust in Polsky and Alter.

10 60. On May 25, 2019, Wingsail and Chang again inquired about the Alter  
11 Operating Agreement being signed. Polsky responded with the same excuses, which  
12 Wingsail and Chang continued to rely on, not wanting to upset Polsky or Castanon.

13 61. From May 2019 through May 2022, Bai, Chang, and Polsky had several  
14 conversations similar to the conversations in the preceding paragraphs, and Polsky  
15 continued to defraud Wingsail and Chang into believing that the Alter Operating  
16 Agreement was securely in place and would be honored when Polsky's actual plan was to  
17 fully usurp Wingsail's shares in the Alter Entities and also not pay the distributions owed  
18 to Wingsail, or even return the \$1 Million capital investment. Polsky's plan was to walk  
19 away with it all.

20 **C. Polsky's Continuing Fraud as Principal and Manager of SEFED and**  
21 **Alter, Perpetrated upon Wingsail and Chang**

22 62. While Polsky was delaying the signing of the Final Alter Operating  
23 Agreement with fraudulent intent, he understood that he had made statements in writing  
24 evidencing his promises and commitments.

25 63. In mid-August 2019, Polsky thus executed an additional fraud scheme to  
26 usurp Wingsail's shares in Alter in a different way for himself and his company SEFED.  
27 Polsky told Chang and Bai that Alter could go out of business if Wingsail did not quickly  
28 invest another \$200,000 into Alter.

1           64.    Thereafter, continuing with his fraud scheme, on August 16, 2019, Polsky  
2 proposed that he (Polsky) would invest \$100,000 in Alter through his SEFED company in  
3 exchange for a pledge agreement from Wingsail that Wingsail's shares in Alter would be  
4 forfeited to Polsky and SEFED if Wingsail did not replace SEFED's \$100,000 with an  
5 approximately \$200,000 investment into Alter by August 31, 2019, which was to occur  
6 within two weeks. Wingsail and Chang were concerned about the quick timeline and  
7 Wingsail's ability to process such a large foreign wire transfer. To allay Wingsail and  
8 Chang's concerns, Polsky provided false assurances that the two-week deadline was not a  
9 hard deadline, even sending Chang a text message on August 15, 2019, stating, "I don't  
10 want to take her equity," to convince Chang (and Wingsail through Chang) that SEFED's  
11 pledge agreement was simply a safety net for Polsky and was not intended to affect  
12 Wingsail's equity interests in Alter, so long as Wingsail made the investment. Chang and  
13 Wingsail relied on Polsky's fraudulent statements believing them to be true.

14           65.    However, or about August 31, 2019, Wingsail was having issues securing the  
15 \$200,000 to invest in Alter. Throughout August and September 2019, Polsky told Chang  
16 and Wingsail several times that Wingsail could have extra time to make the \$200,000  
17 payment, and that Wingsail's shares would not be forfeited to SEFED despite the pledge  
18 agreement. For example, on August 19, 2019, Chang shared with Polsky that the  
19 Wingsail's wire would be delayed to which Polsky responded, "I'm sure I can make sure  
20 that she [Bai (Wingsail)] retains equity" even if the payment is late. Polsky insisted, "I  
21 think the answer is she signs the docs and then we try to find a solution whereby we let her  
22 keep the equity but mcap gives up profit share," further assuring Chang and, through him,  
23 Wingsail that deadline in the pledge agreement should not be taken as a hard deadline. In  
24 additional examples, on September 14 and 23, 2019, Polsky continued to request that Bai  
25 make the investment with the assurance that Wingsail's shares were protected. Polsky  
26 continued to make these representations (albeit fraudulent) to Chang and Bai throughout  
27 October 2019. Wingsail, Chang, and Bai relied on these statements, and Chang and Bai  
28 continued to work on securing the \$200,000 for Alter.



1           66. On or about October 25, 2019, relying on Polsky's representations that the  
2 late payment would be acceptable and that no adverse consequences to Wingsail would  
3 come of it, Wingsail made an investment of approximately \$200,000 into Alter, wiring the  
4 funds directly into an account controlled by Polsky and Alter. Polsky accepted this payment  
5 on behalf of Alter and SEFED without question.

6           67. Between October 25, 2019, and June 3, 2022, Chang and Wingsail inquired  
7 of Polsky numerous times when the Alter Operating Agreement would be signed. Each  
8 time Polsky assured Chang and Wingsail that there was nothing to worry about, and that  
9 they should trust Polsky. Polsky assured Chang and Wingsail that there were emails and  
10 written agreements from Polsky agreeing to the shares and distributions for Wingsail as  
11 reflected in those documents, and that formal signatures were not necessary.

12           68. In addition, from at least January 2020 to June 2022, Polksy falsely  
13 represented Alter's financial condition as poor to Chang and Wingsail to avoid paying  
14 Wingsail's distributions. During this period, Polsky continued to string Bai along telling  
15 her that he had no intention of usurping her capital or her shares.

16           69. For example, on February 3, 2021, Polsky assured Bai that she would receive  
17 the distributions she was promised; he also assured her that her E2 visa benefits were safe,  
18 which meant that Wingsail continued to own the 65% membership interest in the Alter  
19 Entities, which was the E2 visa requirement the parties had initially agreed upon. At or  
20 about this time, Polsky made the same statements to Chang to assure Chang that his and  
21 Wingsail's interests were safe and secure, as Polsky had initially promised when the  
22 securing the seed capital back in 2018.

23           70. On August 31, 2021, Polsky sent Chang an email convincing Chang that the  
24 Alter shares would be formally assigned and transferred to Wingsail, as promised. Soon  
25 thereafter, Polksy and Chang spoke on the phone about this issue, and Polksy told Chang  
26 to assure Bai that her membership interest in Alter was protected, which Chang did at  
27 Polsky's direction, and Wingsail relied on. Polsky's statements were false, however, as he  
28 had no intention of giving Wingsail its shares, instead wanting to keep those shares for

1 himself and the companies he owned and controlled.

2 71. In furtherance of his fraud scheme, Polsky also started numerous Alter  
3 companies (known and unknown to Wingsail, as reflected above) and opened bank  
4 accounts that Polsky kept secret from Chang and Wingsail in order to hide Alter's true  
5 financial condition and avoid paying Wingsail.

6 72. By October 31, 2021, the Alter startup had become tremendously successful,  
7 as it was projected to be worth over \$45 Million by the end of 2023, and over \$65 Million  
8 by the end of 2026.

9 73. On June 3, 2022, Polsky, in furtherance of his scheme to usurp the lucrative  
10 Alter startup, sent Chang a letter making a number of false accusations against Chang.

11 74. Chang was shocked by this letter and within days of receiving it, Chang spoke  
12 to Polsky about the false accusations and suggested that the two men part ways. Chang  
13 insisted, among other things, that Polsky formally give Wingsail its membership shares and  
14 also pay the accrued distributions. Polsky responded by saying that Wingsail and Chang  
15 had no signed agreement to rely on and no entitlement to any interest in or distributions  
16 from the Alter Entities, which, according to Polsky, are owned by Polsky, SEFED, and  
17 Polsky's other companies, known and unknown to Wingsail at this time.

18 75. Chang was again shocked and reminded Polsky that Chang had proof in  
19 writing over the years showing Polsky had been providing assurances that Wingsail's  
20 interests in the Alter Entities—namely the 65% membership interest and accrued  
21 distributions—were protected and that Chang and Wingsail had relied on Polsky's  
22 promises and assurances.

23 76. Since then, Chang and Wingsail have requested a number of times that Polsky  
24 provide the Alter Entities' operating agreements and financial records, but Polsky refuses  
25 to do so, taking the position that Wingsail, Bai, and Chang have no rights to those records.

26 77. In October 2022, Polsky filed a frivolous lawsuit against Chang to take over  
27 the management of their MCAP company, which has an agreement to manage Wingsail's  
28 investments and process the E2 visa based on Wingsail's investment. To be clear, in

1 addition to promising Wingsail financial benefits, Polsky also promised Wingsail (Bai)  
2 immigration benefits to induce Wingsail to invest in Alter and used this hook to string  
3 along Wingsail for years.

4 78. Polsky, however, has engaged in unlawful and deceptive conduct against  
5 Wingsail, including, for example, fraud, breach of fiduciary duty, conversion, breach of  
6 contract, breach of the covenant of good faith and fair dealing, unjust enrichment, and  
7 violations of the California Corporations Code, as described above and in the claims below.

8 79. Wingsail would thus be harmed by Polsky's intended takeover of MCAP  
9 because it would result in Wingsail's investments being managed by a fraudster and, in  
10 turn, result not only in financial loss but also loss of the E2-visa benefits.

11 80. From October to December 2022, Chang tried to reason with Polsky and have  
12 Polsky back away from his fraud, but Polsky's greed was unrelenting.

13 81. Unsuccessful in his efforts, Chang discussed Polsky's fraud with Bai in or  
14 about the end of December 2022.

15 82. Since then, Polksy has made threatening statements to Chang and Bai to  
16 intimidate them to abandon their rights.

17 83. As concerning the foregoing acts of fraud, Polsky was acting not only on  
18 behalf of himself but also as principal and part-owner of the Alter Entities and SEFED.  
19 Polksy engaged in the foregoing acts of fraud predominantly in and from Orange County,  
20 California.

21 **V. DISCOVERY RULE & FRAUDULENT CONCEALMENT**

22 84. As part of their fraud scheme, Polsky, and through him, Alter and SEFED,  
23 actively misled, made material misrepresentations to, and concealed material information  
24 from Bai, Chang, and Wingsail. Polsky's misrepresentations and concealment led Wingsail  
25 to proceed under the false impression that its membership interest in Alter and distributions  
26 owed by Alter were secure. It was not until the end of December 2022 that Bai, the sole  
27 member of Wingsail and foreign national, first learned of Polsky's fraud. Bai could not  
28 have learned of the fraud prior to this because Polsky had actively concealed it as part of

1 his fraud scheme. Therefore, Wingsail did not discover and could not have discovered  
2 through the exercise of reasonable diligence the true nature and full scope of Polsky, Alter,  
3 and SEFED's fraud against Wingsail until the end of December 2022, thereby tolling any  
4 otherwise applicable statute of limitations.

5 85. Defendants are under a continuous duty to disclose to Plaintiff the true  
6 character, quality, and nature of their tortious acts against Plaintiff.

## 7 **VI. RELATION TO PRIOR CLAIMS**

8 86. Plaintiff Wingsail initially pursued crossclaims through Chang, filed on  
9 September 29, 2023, in the matter of *Polsky v. Chang, et al.*, Case No. 8:23-CV-00225-  
10 CJC-ADS(x) (the "Chang" Action). But based upon certain technical objections raised by  
11 the cross-defendants in that case (Defendants in this case) in a motion to dismiss, Plaintiff  
12 pursues its own claims in this Action here, which overcomes those technical objections and  
13 is related to and relates back to the Chang Action.

## 14 **VII. CLAIMS FOR RELIEF**

### 15 **FIRST CLAIM FOR RELIEF**

#### 16 **FRAUD BY INTENTIONAL MISREPRESENTATION**

17 *(Against All Defendants)*

18 87. Plaintiff Wingsail ("Plaintiff" or "Wingsail") realleges and incorporates by  
19 reference, in this claim, each and every allegation of the preceding paragraphs, with the  
20 same force and effect as though fully set forth herein.

21 88. Plaintiff brings this claim of fraud by intentional misrepresentation under  
22 California state law against all Defendants, including Andrew Polsky ("Polsky"), Alter  
23 Management LLC, Alter Health Group, Inc., Alter Life Sciences, Inc., Alter Life Sciences,  
24 LLC, Cambridge Mental Health Management, LLC (collectively, the "Alter Entities" or  
25 "Alter"), SEFED, and DOES 1 through 10, all collectively, "Defendants" for purposes of  
26 this claim.

27 89. At all times relevant to this Complaint, Polsky was acting both individually to  
28 unlawfully benefit himself and as a top-level corporate principal, agent, and manager of

1 the Alter Entities and SEFED to unlawfully increase his own shares in and control of Alter  
2 at the expense of Plaintiff, who was promised and entitled to the majority shares, as well  
3 as distributions, dividends, and profits, as the sole seed investor having invested nearly  
4 \$1 Million dollars in the startup in reliance on Polsky's representations, as detailed in the  
5 general allegations above, including, but not limited to, for example, in paragraphs 43, 46,  
6 47, 48, 50, 51, 52, 53, 58, 59, 60, 64, 65, and 77.

7 90. At all times relevant to this Complaint, Polsky actively engaged in,  
8 participated in, aided and abetted, and/or furthered, individually and as corporate principal,  
9 agent, and manager of the Alter Entities and SEFED, an intentional fraudulent scheme,  
10 whereby he deliberately and fraudulently induced Wingsail to invest approximately  
11 \$1 Million in seed capital and financing for the Alter startup. Polsky agreed that in  
12 exchange for Wingsail's investment, Wingsail would be entitled to a 65% membership  
13 interest in the Alter Entities (along with all the rights and entitlements that accompany such  
14 a majority interest), as well as be owed annual distributions and profits from the Alter  
15 Entities and receive support and assistance in ensuring that the E2 immigration benefits  
16 were available for processing, as described in the general allegations above.

17 91. At all times relevant, in reliance on Polsky's representations, Wingsail  
18 invested nearly \$1 Million in seed capital to Alter, making the investment directly into  
19 accounts controlled by Polsky and Alter, as summarized in paragraphs 48, 53, and 66.

20 92. At the times Defendants made the promises and representations to Wingsail,  
21 Defendants knew that they had no intention of following through. Defendants nevertheless  
22 intended that Wingsail rely on the false promises and representations, as detailed in the  
23 general allegations above. Had Wingsail known the truth, it would not have made the  
24 investments it did and/or would have insisted on having a signed Alter Operating  
25 Agreement with the provisions that Polsky promised, as well as other corporate documents  
26 and financial records.

27 93. Wingsail's will was overborne by Defendants' fraud, and Wingsail reasonably  
28 trusted and relied on Defendants' promises to its own detriment. Wingsail continues to be

1 deprived of the Alter membership shares and distributions to which it is entitled.

2 94. To be clear, Defendants simply stole Wingsail's money as Wingsail, to this  
3 date, has received nothing from its million-dollar investment—no shares, no distribution,  
4 no profits, no dividends, and not even a return of Wingsail's capital.

5 95. As a result, Defendants' intentional, willful, and malicious fraud and deceit  
6 directly, proximately, and substantially caused Wingsail to suffer significant injury and  
7 damages that continue to accrue, in an amount believed to be in excess of \$30.5 Million in  
8 compensatory damages alone.

9 96. Defendants undertook the aforesaid illegal acts intentionally and with  
10 conscious disregard of the rights of Wingsail, and did so with fraud, oppression, and/or  
11 malice, as detailed in the general allegations section. This despicable conduct subjected  
12 Wingsail to cruel and unjust hardship so as to justify an award of punitive damages in an  
13 amount sufficient to deter such wrongful conduct in the future. Therefore, Wingsail is also  
14 entitled to punitive damages against Defendants in an amount to be determined at trial.

15 WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.

16 SECOND CLAIM FOR RELIEF

17 FRAUDULENT CONCEALMENT BY DECEPTIVE DISCLOSURE

18 *(Against All Defendants)*

19 97. Plaintiff Wingsail ("Plaintiff" or "Wingsail") realleges and incorporates by  
20 reference, in this claim, each and every allegation of the preceding paragraphs, with the  
21 same force and effect as though fully set forth herein.

22 98. Plaintiff brings this claim of fraudulent concealment by deceptive disclosure  
23 under California state law against all Defendants, including Andrew Polsky ("Polsky"),  
24 Alter Management LLC, Alter Health Group, Inc., Alter Life Sciences, Inc., Alter Life  
25 Sciences, LLC, Cambridge Mental Health Management, LLC (collectively, the "Alter  
26 Entities" or "Alter"), SEFED, and DOES 1 through 10, all collectively, "Defendants" for  
27 purposes of this claim.

28 99. At all times relevant to this Complaint, Polsky actively engaged in,

1 participated in, aided and abetted, and/or furthered, individually and as corporate principal,  
2 agent, and manager of the Alter Entities and SEFED, a fraudulent scheme to induce  
3 Wingsail into a false sense of security and usurp its rightful membership interest, along  
4 with its distributions, dividends, and profits, which conduct constitutes fraudulent  
5 concealment by deceptive disclosure.

6 100. At all times relevant to this Complaint, Polsky was acting both individually to  
7 unlawfully benefit himself and as a top-level corporate principal, agent, and manager of  
8 the Alter Entities and SEFED to unlawfully increase his own shares in and control of Alter  
9 at the expense of Plaintiff, who was promised and entitled to the majority shares, as well  
10 as distributions, dividends, and profits, as the sole seed investor having invested nearly  
11 \$1 Million in the startup.

12 101. At all times relevant to this Complaint, Defendants (i.e., Polsky and the entity  
13 Defendants through him) disclosed some facts to Wingsail but intentionally and willfully  
14 failed to disclose other material facts, making their disclosure deceptive; Defendants also  
15 intentionally and willfully failed to disclose certain facts that were known only to them and  
16 that Wingsail could not have discovered; Defendants also willfully prevented Wingsail  
17 from discovering certain facts by providing false assurances, all of which is detailed in the  
18 general allegations section above. Defendants did this deliberately to fraudulently induce  
19 Wingsail into a false sense of security, intending all along to renege on their promises and  
20 usurp Wingsail's rights and entitlements. Defendants concealed from Wingsail the  
21 following representative material facts, among others:

22 a. That Defendants were causing Wingsail to invest seed capital in Alter  
23 on the basis of false promises of membership interests, distributions, and profit-sharing,  
24 which Defendants never intended to keep, as detailed above in the general allegations;

25 b. That Defendants intended to and did usurp and convert Wingsail's 65%  
26 membership interest in the Alter Entities;

27 c. That Defendants intended to and did usurp and convert the distributions  
28 and profits owed to Wingsail by Defendants;

1           d. That Defendants intended to and did usurp and convert Wingsail's  
2 principal investments in Alter;

3           e. That Defendants started a web of Alter Entities to convolute the money  
4 trail and dilute shares to deprive Wingsail of its rights as a seed capital investor in the Alter  
5 startup;

6           f. That Defendants were fraudulently taking Wingsail into a position of  
7 trust as Alter's caretaker but never intended on providing Wingsail the promised benefits  
8 or even Alter's corporate documents and financial records to which Wingsail was entitled,  
9 including, but not limited to, operating agreements and amendments, bylaws, corporate  
10 minutes, bank records, tax records, and emails, texts, and other communications by Alter  
11 employees and consultants concerning the business activities of the Alter Entities;

12           g. To date, Defendants have actively concealed and failed to disclose to  
13 Wingsail Alter's corporate documents and financial records to which Wingsail is entitled,  
14 including, but not limited to, operating agreements and amendments, bylaws, corporate  
15 minutes, bank records, tax records, and emails, texts, and other communications by Alter  
16 employees and consultants concerning the business activities of the Alter Entities, despite  
17 requests by Wingsail after Polsky's fraud was discovered by Wingsail in or about the end  
18 of December 2022.

19           102. Wingsail did not know of the concealed facts and did not understand or  
20 appreciate the fraud being perpetrated by Defendants and was in fact fraudulently induced  
21 by Defendants into investing in Alter and trusting Polsky to run the startup while keeping  
22 his promises to Bai, Chang, and Wingsail, as detailed in the general allegations section  
23 above. Had Wingsail known the truth, it would not have made the investments it did and/or  
24 would have insisted on having a signed Alter Operating Agreement with the provisions that  
25 Polsky promised along with all corporate documents and financial records identified above.

26           103. Wingsail's will was overborne by Defendants' fraud, and Wingsail reasonably  
27 trusted and relied on Defendants' promises and concealment of material information to its  
28 own detriment, causing Wingsail significant injury. Wingsail continues to be deprived of



1 the Alter membership shares and distributions to which it is entitled.

2 104. To be clear, Defendants simply stole Wingsail's money as Wingsail, to this  
3 date, has received nothing from its million-dollar investment—no shares, no distribution,  
4 no profits, no dividends, and not even a return of Wingsail's capital.

5 105. As a direct and proximate result of Defendants' fraud, Wingsail has been  
6 harmed and suffered damages in an amount to be proven at trial, in an amount believed to  
7 be in excess of \$30.5 Million in compensatory damages alone.

8 106. Defendants undertook the aforesaid illegal acts intentionally and with  
9 conscious disregard of the rights of Wingsail, and did so with fraud, oppression, and/or  
10 malice, as detailed in the general allegations section. This despicable conduct subjected  
11 Wingsail to cruel and unjust hardship so as to justify an award of punitive damages in an  
12 amount sufficient to deter such wrongful conduct in the future. Therefore, Wingsail is also  
13 entitled to punitive damages against Defendants in an amount to be determined at trial.

14 WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.

15 THIRD CLAIM FOR RELIEF

16 FRAUDULENT CONCEALMENT BY FIDUCIARY

17 (*Against Defendant Andrew Polsky*)

18 107. Plaintiff Wingsail ("Plaintiff" or "Wingsail") realleges and incorporates by  
19 reference, in this claim, each and every allegation of the preceding paragraphs, with the  
20 same force and effect as though fully set forth herein.

21 108. Plaintiff brings this claim of fraudulent concealment by fiduciary under  
22 California state law against Defendant Andrew Polsky ("Defendant" or "Polsky" for  
23 purposes of this claim).

24 109. At all times relevant to this Complaint, Polsky actively engaged in,  
25 participated in, aided and abetted, and/or furthered, individually and as corporate principal,  
26 agent, and manager of the Alter Entities, a fraudulent scheme to induce Wingsail into a  
27 false sense of security and usurp its rightful membership interest, along with its  
28 distributions, dividends, and profits, which conduct constitutes fraudulent concealment by

1 a fiduciary.

2 110. At all times relevant to this Complaint, Polsky, due to his status as (1) a  
3 Director and officer of the Alter Entities vis-à-vis Wingsail, who was a  
4 member/shareholder and investor, and (2) a co-member/shareholder of the Alter Entities  
5 with Wingsail, owed fiduciary duties to Wingsail. Indeed, Wingsail was the sole seed  
6 investor in Alter entitled to 65% membership interest in the Alter startup (along with  
7 distributions, dividends, and profits) in exchange for nearly \$1 Million in seed capital,  
8 which Wingsail did provide. Hence, vis-à-vis Wingsail, Polsky was in a position of special  
9 knowledge and trust with the opportunity to take undue advantage of and exercise undue  
10 influence over Wingsail. Polsky owed Wingsail a fiduciary duty to be honest with  
11 Wingsail, to not conceal material information from or defraud Wingsail, and to be loyal to  
12 Wingsail.

13 111. At all times relevant to this Complaint, Polsky misused his relationship of  
14 special knowledge, control, and trust by willfully failing to disclose numerous material  
15 facts and making numerous affirmative misrepresentations to Wingsail in order to  
16 unlawfully benefit himself and increase his own shares in and control of Alter at the  
17 expense of Wingsail. Polsky did this deliberately to fraudulently induce Wingsail into a  
18 false sense of security, intending all along to renege on his promises and usurp Wingsail's  
19 rights and entitlements. Polsky engaged in self-dealing and concealed from Wingsail the  
20 following representative material facts, among others:

21 a. That Polsky was causing Wingsail to invest seed capital in Alter on the  
22 basis of false promises of membership interest, distributions, and profit-sharing, which  
23 Defendants never intended to keep, as detailed above in the general allegations;

24 b. That Polsky intended to and did usurp and convert Wingsail's 65%  
25 membership interest in the Alter Entities;

26 c. That Polsky intended to and did usurp and convert the distributions and  
27 profits owed to Wingsail by Alter;

28 d. That Polsky intended to and did usurp and convert Wingsail's principal

1 investments in Alter;

2 e. That Polsky started a web of Alter Entities to convolute the money trail  
3 and dilute shares to deprive Wingsail of its rights as a seed capital investor in the Alter  
4 startup;

5 f. That Polsky was fraudulently taking Wingsail into a position of trust as  
6 Alter's caretaker but never intended on providing Wingsail the promised benefits or even  
7 Alter's corporate documents and financial records to which Wingsail was entitled,  
8 including, but not limited to, operating agreements and amendments, bylaws, corporate  
9 minutes, bank records, tax records, and emails, texts, and other communications by Alter  
10 employees and consultants concerning the business activities of the Alter Entities.

11 g. To date, Polsky has actively concealed and failed to disclose to  
12 Wingsail Alter's corporate documents and financial records to which Wingsail is entitled,  
13 including, but not limited to, operating agreements and amendments, bylaws, corporate  
14 minutes, bank records, tax records, and emails, texts, and other communications by Alter  
15 employees and consultants concerning the business activities of the Alter Entities, despite  
16 requests by Wingsail after Polsky's fraud was discovered by Wingsail in or about the end  
17 of December 2022.

18 112. Wingsail did not know of the concealed facts and did not understand or  
19 appreciate the fraud being perpetrated by Polsky and was in fact fraudulently induced by  
20 Polsky into investing in Alter and trusting Polsky to run the startup while keeping his  
21 promises to Bai, Chang, and Wingsail, as detailed in the general allegations section above.  
22 Had Wingsail known the truth, it would not have made the investments it did and/or would  
23 have insisted on having a signed Alter Operating Agreement with the provisions that  
24 Polsky promised along with all corporate documents and financial records identified above.

25 113. Wingsail's will was overborne by Polsky's fraud, and Wingsail reasonably  
26 relied on Polsky's promises and concealment of material information to its own detriment,  
27 causing Wingsail significant injury. Wingsail continues to be deprived of the Alter  
28 membership shares and distributions to which it is entitled.

1           114. To be clear, Polsky simply stole Wingsail’s money as Wingsail, to this date,  
2 has received nothing from its million-dollar investment—no shares, no distribution, no  
3 profits, no dividends, and not even a return of Wingsail’s capital.

4           115. As a direct and proximate result of Defendants’ fraud, Wingsail has been  
5 harmed and suffered damages in an amount to be proven at trial, in an amount believed to  
6 be in excess of \$30.5 Million in compensatory damages alone.

7           116. Polsky undertook the aforesaid illegal acts intentionally and with conscious  
8 disregard of the rights of Wingsail, and did so with fraud, oppression, and/or malice, as  
9 detailed in the general allegations section. This despicable conduct subjected Wingsail to  
10 cruel and unjust hardship so as to justify an award of punitive damages in an amount  
11 sufficient to deter such wrongful conduct in the future. Therefore, Wingsail is also entitled  
12 to punitive damages against Polsky in an amount to be determined at trial.

13           WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.

14                               FOURTH CLAIM FOR RELIEF

15                               BREACH OF FIDUCIARY DUTY

16                               *(Against Defendant Andrew Polsky)*

17           117. Plaintiff Wingsail (“Plaintiff” or “Wingsail”) realleges and incorporates by  
18 reference, in this claim, each and every allegation of the preceding paragraphs, with the  
19 same force and effect as though fully set forth herein.

20           118. Plaintiff brings this claim of breach of fiduciary duty under California state  
21 law against Defendant Andrew Polsky (“Defendant” or “Polsky” for purposes of this  
22 claim).

23           119. At all times relevant to this Complaint, Polsky , due to his status as (1) a  
24 Director and officer of the Alter Entities vis-à-vis Wingsail, who was a  
25 member/shareholder and investor, and (2) a co-member/shareholder of the Alter Entities  
26 with Wingsail, owed fiduciary duties to Wingsail. Indeed, Wingsail was the sole seed  
27 investor in Alter entitled to 65% membership interest in the Alter startup (along with  
28 distributions, dividends, and profits) in exchange for nearly \$1 Million in seed capital,

1 which Wingsail did provide. Hence, vis-à-vis Wingsail, Polsky was in a position of special  
2 knowledge and trust with the opportunity to take undue advantage of and exercise undue  
3 influence over Wingsail. Polsky owed Wingsail a fiduciary duty to be honest with Wingsail  
4 and to not conceal material information from or defraud Wingsail.

5 120. Polsky breached his fiduciary duty to Wingsail by engaging in the acts of fraud  
6 and deception detailed in the general allegations section and Claims 1 through 3 above.

7 121. Polsky further breached his fiduciary duty to Wingsail by engaging in acts to  
8 increase his own shares in and control of Alter at the expense of Wingsail, who was  
9 promised and entitled to the majority shares, as well as distributions, dividends, and profits,  
10 as the sole seed investor having invested nearly \$1 Million dollars in the startup.

11 122. To be clear, Polsky simply stole Wingsail's money as Wingsail, to this date,  
12 has received nothing from its million-dollar investment—no shares, no distribution, no  
13 profits, no dividends, and not even a return of Wingsail's capital.

14 123. Polsky's breach of fiduciary duty directly, proximately, and substantially  
15 caused Wingsail to suffer significant injury and damages that continue to accrue.

16 124. As a direct and proximate result of Defendant's breach of fiduciary duty,  
17 Wingsail has been harmed and suffered damages in an amount to be proven at trial, in an  
18 amount believed to be in excess of \$30.5 Million in compensatory damages alone.

19 125. Polsky undertook the aforesaid illegal acts intentionally and with conscious  
20 disregard of the rights of Wingsail, and did so with fraud, oppression, and/or malice, as  
21 detailed in the general allegations section. This despicable conduct subjected Wingsail to  
22 cruel and unjust hardship so as to justify an award of punitive damages in an amount  
23 sufficient to deter such wrongful conduct in the future. Therefore, Wingsail is also entitled  
24 to punitive damages against Polsky in an amount to be determined at trial.

25 WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.  
26  
27  
28

1 FIFTH CLAIM FOR RELIEF

2 CONVERSION

3 *(Against Andrew Polsky and SEFED)*

4 126. Plaintiff Wingsail (“Plaintiff” or “Wingsail”) realleges and incorporates by  
5 reference, in this claim, each and every allegation of the preceding paragraphs, with the  
6 same force and effect as though fully set forth herein.

7 127. Plaintiff brings this claim of conversion under California state law against  
8 Andrew Polsky (“Polsky”) and SEFED (collectively, “Defendants” for purposes of this  
9 claim).

10 128. Polsky, acting individually and as corporate principal, agent, and manager of  
11 the Alter Entities, induced Wingsail to invest approximately \$1 Million in seed capital and  
12 financing for the Alter startup. Polsky agreed that in exchange for Wingsail’s investment,  
13 Wingsail would be entitled to a 65% membership interest in the Alter Entities (along with  
14 all the rights and entitlements that accompany such a majority interest), as well as be owed  
15 annual distributions and profits from the Alter Entities, as described in the general  
16 allegations above.

17 129. Wingsail owned, possessed, and had a right to possess a 65% membership  
18 interest in the Alter startup (including all related Alter Entities), along with all the rights  
19 and entitlements that accompany such a majority interest, as well as annual distributions  
20 and profits from the Alter Entities, as described in the general allegations above, as well as  
21 Wingsail’s principal investment (collectively referred to as “Wingsail’s Property”).

22 130. On or about August 16, 2019, Polsky, acting individually and as corporate  
23 principal, agent, and manager of Alter and SEFED, represented that Alter was in financial  
24 trouble and asked Wingsail to pledge its membership interest in Alter to SEFED, which  
25 would loan Alter \$100,000 until Wingsail was able to invest approximately \$200,000 in  
26 capital and financing for the Alter startup. Upon Polsky’s request, on or about October 25,  
27 2019, Wingsail invested approximately \$200,000 into the Alter startup, expecting its Alter  
28 shares and all rights to be granted as promised. Polsky, however, refused to give Wingsail

1 the Alter shares, and the distributions, dividends and profits due to Wingsail, and has even  
2 refused to share the corporate documents and financial records of Alter to which Wingsail  
3 is entitled.

4 131. Polsky further refused to share with Wingsail corporate documents and  
5 financial records of the Alter Entities even though Wingsail is entitled to these documents  
6 and records and has requested them since discovering Polsky's fraud, conversion, and  
7 breach of fiduciary duty at or about the end of December 2022.

8 132. Polsky substantially interfered with Wingsail's Property by knowingly and  
9 intentionally taking possession of Wingsail's Property, preventing Wingsail from having  
10 access to its Property, destroying and wasting Wingsail's Property, and refusing to return  
11 Wingsail's Property after Wingsail demanded return.

12 133. To be clear, Defendants simply stole Wingsail's money, as Wingsail, to this  
13 date, has received nothing from its million-dollar investment—no shares, no distribution,  
14 no profits, no dividends, and not even a return of Wingsail's capital.

15 134. Wingsail did not consent to Defendants' deprivation of Wingsail's Property.

16 135. Wingsail was harmed by Defendants' deprivation of Wingsail's Property.

17 136. Defendants' conduct was a substantial factor in causing Wingsail's harm, as  
18 detailed in the general allegations section as well as the claims alleged herein.

19 137. As a direct and proximate result of Defendants' conversion, Wingsail has been  
20 harmed and suffered damages in an amount to be proven at trial, in an amount believed to  
21 be in excess of \$30.5 Million in compensatory damages alone.

22 138. Polsky, individually and on behalf of SEFED, undertook the aforesaid illegal  
23 acts intentionally and with conscious disregard of the rights of Wingsail, and did so with  
24 fraud, oppression, and/or malice, as detailed in the general allegations section. This  
25 despicable conduct subjected Wingsail to cruel and unjust hardship so as to justify an award  
26 of punitive damages in an amount sufficient to deter such wrongful conduct in the future.  
27 Therefore, Wingsail is also entitled to punitive damages against Polsky in an amount to be  
28 determined at trial.

1 WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.

2 SIXTH CLAIM FOR RELIEF

3 BREACH OF ORAL CONTRACT

4 *(Against All Defendants)*

5 139. Plaintiff Wingsail (“Plaintiff” or “Wingsail”) realleges and incorporates by  
6 reference, in this claim, each and every allegation of the preceding paragraphs, with the  
7 same force and effect as though fully set forth herein.

8 140. Plaintiff brings this claim of breach of oral contract under California state law  
9 against all Defendants, including Andrew Polsky (“Polsky”), Alter Management LLC,  
10 Alter Health Group, Inc., Alter Life Sciences, Inc., Alter Life Sciences, LLC, Cambridge  
11 Mental Health Management, LLC (collectively, the “Alter Entities” or “Alter”), and  
12 SEFED, and DOES 1 through 10, all collectively, “Defendants” for purposes of this claim.

13 141. On or about July 27, 2018, Polsky, acting individually and on behalf of Alter  
14 as its principal, agent, and manager, entered into an oral contract with Wingsail, agreeing  
15 in the presence of both Chang and Bai that, in exchange for Wingsail’s capital investment  
16 into the Alter startup, Wingsail would receive a 65% membership interest in Alter,  
17 including all the rights and entitlements that accompany such a majority interest, creating  
18 eligibility for the E2 visa program. Polsky confirmed this agreement in writing in a draft  
19 Alter Operating Agreement Polsky showed to Chang and Bai on or about July 27, 2023,  
20 and again in a Final Alter Operating Agreement Polksy showed to Chang and Bai on  
21 December 23, 2018, firmly committing to Wingsail 65% shares in the Alter Entities.

22 142. On or about July, 31, 2018, Polsky, acting individually and on behalf of Alter  
23 as its principal, agent, and manager, also agreed to provide to Wingsail annual profits and  
24 distributions from Alter on a priority basis amounting to at least 8% annual interest on  
25 Wingsail’s outstanding principal investment, which would accrue until Alter was  
26 financially able to make the distributions.

27 143. Pursuant to these agreements, Wingsail invested a total of approximately  
28 \$1 Million in seed capital to the Alter startup, fully satisfying Wingsail’s obligations.



144. On or about August 16, 2019, Polsky, acting individually and as corporate principal, agent, and manager of Alter and SEFED, represented that Alter was in financial trouble and asked Wingsail to pledge its membership interest in Alter to SEFED, which would loan Alter \$100,000 until Wingsail was able to invest approximately \$200,000 in capital and financing for the Alter startup. Upon Polsky's request, on or about October 25, 2019, Wingsail invested approximately \$200,000 into the Alter startup, fully satisfying Wingsail's obligations, expecting its Alter shares and all rights to be granted, as promised by Defendants.

145. Defendants, however, acting through Polsky, breached the agreements identified above, refusing to give Wingsail its Alter shares, as well as the distributions, dividends, and profits due to Wingsail, and even refusing to share the corporate documents and financial records of Alter to which Wingsail is entitled as a majority shareholder.

146. In breaching the agreements, Defendants simply stole Wingsail's money, as Wingsail, to this date, has received nothing from its million-dollar investment—no shares, no distribution, no profits, no dividends, and not even a return of Wingsail's capital.

147. Defendants' breach of contract directly, proximately, and substantially caused Plaintiff to suffer significant injury and damages that continue to accrue.

148. As a direct and proximate result of Defendants' conversion, Wingsail has been harmed and suffered damages in an amount to be proven at trial, in an amount believed to be in excess of \$30.5 Million in compensatory damages alone.

WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.

## SEVENTH CLAIM FOR RELIEF

## BREACH OF THE IMPLIED COVENANT OF GOOD FAITH AND FAIR DEALING

*(Against All Defendants)*

149. Plaintiff Wingsail (“Plaintiff” or “Wingsail”) realleges and incorporates by reference, in this claim, each and every allegation of the preceding paragraphs, with the same force and effect as though fully set forth herein.

1           150. Plaintiff brings this claim of breach of the implied covenant of good faith and  
2 fair dealing under California state law against all Defendants, including Andrew Polsky  
3 (“Polsky”), Alter Management LLC, Alter Health Group, Inc., Alter Life Sciences, Inc.,  
4 Alter Life Sciences, LLC, Cambridge Mental Health Management, LLC (collectively, the  
5 “Alter Entities” or “Alter”), SEFED, and DOES 1 through 10, all collectively,  
6 “Defendants” for purposes of this claim.

7           151. On or about July 27, 2018, Polsky, acting individually and on behalf of Alter  
8 as its principal, agent, and manager, into an agreement, which provided that in exchange  
9 for Wingsail’s capital investment into the Alter startup, Wingsail would receive a  
10 65% membership interest in Alter, naturally including all the rights and entitlements that  
11 accompany such a majority interest. Polsky confirmed this agreement in writing again on  
12 December 23, 2018.

13           152. On or about July, 31, 2018, Polsky, acting individually and on behalf of Alter  
14 as its principal, agent, and manager, also agreed to provide to Wingsail annual profits and  
15 distributions from Alter on a priority basis amounting to at least 8% annual interest on  
16 Wingsail’s outstanding principal investment, which would accrue until Alter was  
17 financially able to make the distributions.

18           153. Pursuant to these agreements, Wingsail invested a total of approximately  
19 \$1 Million in seed capital to the Alter startup, fully satisfying Wingsail’s obligations.

20           154. On or about August 16, 2019, Polsky, acting individually and as corporate  
21 principal, agent, and manager of Alter and SEFED, represented that Alter was in financial  
22 trouble and asked Wingsail to pledge its membership interest in Alter to SEFED, which  
23 would loan Alter \$100,000 until Wingsail was able to invest approximately \$200,000 in  
24 capital and financing for the Alter startup. Upon Polsky’s request, on or about October 25,  
25 2019, Wingsail invested approximately \$200,000 into the Alter startup, expecting its Alter  
26 shares and all rights to be granted, as promised by Defendants.

27           155. Based on the foregoing, Wingsail did all, or substantially all of the significant  
28 things that the agreements (i.e., contracts) required Wingsail to do.

156. In other words, all conditions required for Defendants' performance had occurred.

157. Nevertheless, Defendants breached their agreements with Wingsail by engaging in the bad faith conduct detailed above in the general allegations section and preceding claims to usurp Wingsail's rights and entitlements and deprive Wingsail of the benefits of the agreements.

158. In breaching the agreements, Defendants simply stole Wingsail’s money, as Wingsail, to this date, has received nothing from its million-dollar investment—no shares, no distribution, no profits, no dividends, and not even a return of Wingsail’s capital.

159. By engaging in this conduct, Defendants did not act fairly and in good faith.

160. Defendants' breach of contract directly, proximately, and substantially caused Plaintiff to suffer significant injury and damages that continue to accrue.

161. As a direct and proximate result of Defendants' conversion, Wingsail has been harmed and suffered damages in an amount to be proven at trial, in an amount believed to be in excess of \$30.5 Million in compensatory damages alone.

WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.

## EIGHTH CLAIM FOR RELIEF

## UNJUST ENRICHMENT

*(Against All Defendants)*

162. Plaintiff Wingsail (“Plaintiff” or “Wingsail”) realleges and incorporates by reference, in this claim, each and every allegation of the preceding paragraphs, with the same force and effect as though fully set forth herein.

163. Plaintiff brings this restitution claim for relief based on unjust enrichment under California state law against all Defendants, including Andrew Polsky (“Polsky”), Alter Management LLC, Alter Health Group, Inc., Alter Life Sciences, Inc., Alter Life Sciences, LLC, Cambridge Mental Health Management, LLC (collectively, the “Alter Entities” or “Alter”), SEFED, and DOES 1 through 10, all collectively, “Defendants” for purposes of this claim.

1        164. At all times relevant to this Complaint, Polsky actively engaged in,  
2 participated in, aided and abetted, and/or furthered, individually and as corporate principal,  
3 agent, and manager of the Alter Entities and SEFED, a fraudulent scheme to induce  
4 Wingsail into a false sense of security and usurp its rightful membership interest, along  
5 with its distributions, dividends, and profits, which conduct constitutes fraudulent  
6 concealment by deceptive disclosure.

7        165. At all times relevant to this Complaint, Polsky was acting both individually to  
8 unlawfully benefit himself and as a top-level corporate principal, agent, and manager of  
9 the Alter Entities and SEFED to unlawfully increase his own shares in and control of Alter  
10 at the expense of Plaintiff, who was promised and entitled to the majority shares, as well  
11 as distributions, dividends, and profits, as the sole seed investor having invested nearly  
12 \$1 Million dollars in the startup.

13        166. As detailed above, Defendants actively engaged in, participated in, agreed to,  
14 aided and abetted, conspired in, and/or furthered a scheme by which they were unjustly  
15 enriched to the detriment of Wingsail.

16        167. But Defendants simply stole Wingsail's money, as Wingsail, to this date, has  
17 received nothing from its million-dollar investment—no shares, no distribution, no profits,  
18 no dividends, and not even a return of Wingsail's capital.

19        168. By their wrongful acts and omissions, Defendants induced Wingsail to pay  
20 \$1 Million. Accordingly, Defendants, and each of them, were unjustly enriched at the  
21 expense of and to the detriment of Wingsail and/or while Wingsail was unjustly deprived  
22 of its capital, shares, dividends, and profits.

23        169. Wingsail seeks restitution from Defendants, and each of them, and seeks an  
24 order of this Court disgorging all shares, payments, commissions, profits, benefits, and  
25 other compensation obtained by Defendants, and each of them, that rightfully belongs to  
26 Wingsail.

27        WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.  
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1 provision of said records.

2 174. Wingsail has a right to said corporate and company records and has been  
3 injured by Defendants' refusal and failure to provide said records.

4 175. Wingsail has had to bring this litigation to obtain said corporate and company  
5 records.

6 WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.

7 TENTH CLAIM FOR RELIEF

8 DISSOCIATION OF MEMBER AND REMOVAL OF MANAGER

9 (VIOLATIONS OF CAL. CORP. CODE § 17706.02)

10 *(Against Defendant Andrew Polsky)*

11 176. Plaintiff Wingsail ("Plaintiff" or "Wingsail") realleges and incorporates by  
12 reference, in this claim, each and every allegation of the preceding paragraphs, with the  
13 same force and effect as though fully set forth herein.

14 177. Under California Corporations Code section 17706.02, a limited liability  
15 company may expel a member if the member (1) engaged, or is engaging, in wrongful  
16 conduct that has adversely affected, or will adversely and materially affect, the limited  
17 liability company's activities; (2) willfully or persistently committed, or is willfully and  
18 persistently committing, a material breach of the person's duties and obligations under  
19 California Corporations Code section 17704.09; or (3) engaged, or is engaging, in conduct  
20 relating to the limited liability company's activities that makes it not reasonably practicable  
21 to carry on the activities with the person as a member.

22 178. As alleged above, Polsky, acting individually and as manager, agent, and  
23 principal of companies owned by Polsky, engaged in conduct that satisfies all three  
24 subsections of California Corporations Code section 17706.02.

25 179. With its 65% membership interest in the Alter Entities, Plaintiff should be  
26 permitted to expel Polsky from the membership and management of the Alter Entities, as  
27 well as any company owned by him (known or unknown to Plaintiff at this time) for whose  
28 benefit Polsky engaged in the conduct described in this Complaint.

1 WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.

2 ELEVENTH CLAIM FOR RELIEF

3 DECLARATORY RELIEF

4 (*Against Defendant Andrew Polsky*)

5 180. Plaintiff Wingsail (“Plaintiff” or “Wingsail”) realleges and incorporates by  
6 reference, in this claim, each and every allegation of the preceding paragraphs, with the  
7 same force and effect as though fully set forth herein.

8 181. Plaintiff brings this claim of declaratory relief from this Court against  
9 Defendant Andrew Polsky (“Defendant” or “Polsky” for purposes of this claim).

10 182. In October 2022, Polsky filed a frivolous lawsuit against Chang to take over  
11 the management of their MCAP company, which has an agreement to manage Wingsail’s  
12 investments and process the E2 visa based on Wingsail’s investment. To be clear, in  
13 addition to promising Wingsail financial benefits, Polsky also promised E2 immigration  
14 benefits to induce Wingsail to invest in Alter and used this hook to string along Wingsail  
15 and Bai for years.

16 183. Polsky, however, has engaged in unlawful and deceptive conduct against  
17 Wingsail, including, for example, fraud, breach of fiduciary duty, conversion, breach of  
18 contract, breach of the covenant of good faith and fair dealing, unjust enrichment, and  
19 violations of the California Corporations Code, as described above and in the claims below.

20 184. Wingsail would thus be harmed by Polsky’s intended takeover of MCAP  
21 because it would result in Wingsail’s investments being managed by a fraudster and, in  
22 turn, result not only in financial loss but also loss of the E2-visa benefits.

23 185. Wingsail thus request that this Court declare Polsky unfit to manage any  
24 investment made by Wingsail, through MCAP, Alter, or otherwise, and enjoin Polsky from  
25 managing any Wingsail investment.

26 WHEREFORE, Plaintiff Wingsail prays for relief as set forth below.

27 **VIII. PRAYER FOR RELIEF**

28 WHEREFORE, Wingsail prays that the Court grant judgment against Defendants

1 as follows:

- 2 1. Compensatory damages in an amount according to proof;
- 3 2. Disgorgement of assets according to proof;
- 4 3. Costs, restitution, and multiple forms of damages under state law;
- 5 4. Punitive and exemplary damages under state law;
- 6 5. Any and all applicable statutory and civil penalties;
- 7 6. Pre- and post-judgment interest on any amounts awarded;
- 8 7. An award of attorneys' fees and costs, including expert costs, as authorized
- 9 by the California Corporations Code;
- 10 8. Corporate and company records pursuant to the California Corporations Code;
- 11 9. A declaration that all applicable statutes of limitations are tolled under the
- 12 discovery rule and/or the fraudulent concealment doctrine as alleged in this Complaint, and
- 13 that Defendants are estopped from relying on any statute of limitations as a defense;
- 14 10. A declaration that Plaintiff is entitled to receive the 65% shares in the Alter
- 15 Entities;
- 16 11. An order removing Andrew Polsky and entities controlled by him from any
- 17 management position in Alter, as well as membership in Alter.
- 18 12. An order enjoining Andrew Polsky from managing any investment made by
- 19 Wingsail, whether directly or as a manager of a company.
- 20 13. An order enjoining Defendants from dissipation of assets and fraudulent
- 21 transfer to avoid judgment;
- 22 14. Leave to amend this Complaint to conform to the evidence produced in
- 23 discovery and at trial; and
- 24 15. Any further relief this Court deems just and proper.

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**JURY DEMAND**

Plaintiff hereby demands a trial by jury on all triable issues.

Dated: December 18, 2023

ALMADANI LAW

By: /s/ Yasin M. Almadani  
Yasin M. Almadani, Esq.

AI LAW

/s/ Ahmed Ibrahim  
Ahmed Ibrahim, Esq.

*Attorneys for Plaintiff*  
*Wingsail Holdings, LLC*